

0150-09843-0000

**TRANSMITTAL**

TO The Council	DATE <b>NOV 30 2012</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**Supplemental Agreement No. 2 to City Contract C-111284 with  
Metaformers, Incorporated to Provide As-Needed Functional and  
Technical Support for the Supply Management System**

Transmitted for further processing.  
See the City Administrative Officer report attached.

  
MAYOR

MAS:MAF:11130007c

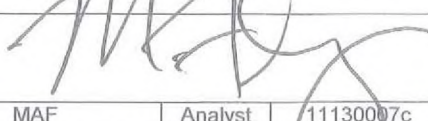
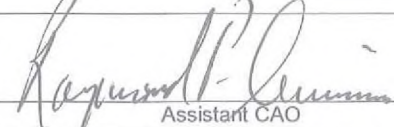

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 11-20-12	C.D. No.	CAO File No.: 0150-09843-0000
Contracting Department/Bureau: Information Technology Agency (ITA)		Contact: Laura Ito, 213.978.3322	
Reference: Request from the Mayor for report dated September 6, 2012			
Purpose of Contract Amendment: As-needed functional and technical support for the Supply Management System (SMS).			
Type of Contract: ( ) New contract (X) Amendment		Contract Term Dates: February 7, 2007 through September 30, 2013 (one year extension requested)	
Contract/Amendment Amount: \$0			
Proposed amount \$0 + Prior award(s) \$7,859,845 = Total \$7,859,845			
Source of funds: General Funds budgeted within ITA's Contractual Services Account			
Name of Contractor: Metaformers, Incorporated			
Address: 2010 Corporate Ridge Drive, Suite 850, McLean, VA 22102			
	Yes	No	N/A*
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested		X	
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City:			
*N/A = not applicable ** Contracts over \$100,000			

**COMMENTS**

The Information Technology Agency (ITA) requests approval of Supplemental Agreement No. 2 to City Contract C-111284 (Contract) with Metaformers, Incorporated (Contractor). The City entered into this Contract in 2007 to correct deficiencies and problems with the City's Supply Management System (SMS). The current Contract term, which has expired, was effective from February 7, 2007 to September 30, 2012. The proposed Supplemental Agreement will extend the term of the Contract by one year through September 30, 2013 in order to allow the Contractor to complete as-needed SMS software fixes and provide support for the 2012-13 Fiscal Year-end close. The requested Supplemental Agreement will not substantively alter any other Contract provisions, including the Contract maximum compensation which will remain at an amount not to exceed \$7,859,845.

SMS runs on PeopleSoft software and is used by City departments for commodity procurement. Due to its central role in procurement, SMS contains significant financial data and interfaces with the City's Financial Management System (FMS). The Contract with Metaformers was initially executed due to numerous technical problems with SMS that resulted in the data in SMS and the data in the City's previous financial system, the Financial Management Information System (FMIS), being out of sync. These errors contributed to a finding by the City's outside financial auditors in 2007 of "Material Weakness," indicating that the City's internal controls were inadequate to prevent "material misstatements." The Contract was initially executed by the Department of General Services (GSD) on February 7, 2007 for a term of one year and maximum compensation not to exceed \$2.6 million in order to perform software updates, data reconciliation, and cleanup with the goal of improving the accuracy of SMS data and addressing this audit finding. ITA indicates that as a direct result of the

		
MAF	Analyst	11130007c
	Assistant CAO	City Administrative Officer

work of the Contractor, there is no longer an audit finding of "Material Weakness" associated with the SMS system. GSD and ITA subsequently executed one supplemental agreement and seven amendments to the Contract, which added funding, extended the term, added additional items to the scope of work of the Contract, and transitioned the administration of the Contract from GSD to ITA. ITA currently utilizes the services of Metaformers to provide as-needed support for functional and technical issues that cannot be sufficiently resolved by City staff.

The proposed Supplemental Agreement would extend the term for one additional year through September 30, 2013 for a total term effective slightly less than six years and eight months. This extension will allow ITA to utilize the Contractor's services to provide as-needed assistance with the 2012-13 Fiscal Year-end close, assess system issues and debug accordingly, reconcile any interface issues between SMS and FMS, and perform related work. To date, \$7,710,938 of the \$7,859,845 maximum Contract compensation has been spent, leaving an available balance of \$148,907. ITA indicates that expenditures during the requested one year extension under the Supplemental Agreement will not exceed this available balance. The SMS system is currently supported by GSD and ITA staff, with Metaformers and additional contract programmers providing as-needed support. The 2012-13 Adopted Budget includes an appropriation \$571,200 to fund both Metaformers and any other contract programming support that may be needed. As there are sufficient budgeted funds available to support the proposed Contract expenditures, approval of the proposed Supplemental Agreement is in compliance with the City's Financial Policies. ITA indicates that this will be the final requested extension of the Contract.

The Contractor has complied with all applicable City contracting requirements. Pursuant to Charter Section 1022, the Personnel Department determined that there are not classifications of City employees that can perform the work proposed to be performed under the Contract. The Mayor's Office of Economic Development waived the Good Faith Effort Outreach requirement for the original Contract. As the City's Municipal Lobbying Ordinance was adopted subsequent to the execution of the original Contract, this requirement does not apply. The initial Contract and subsequent amendments were approved by the Council, and therefore the proposed Supplemental Agreement also requires Council approval.

## **RECOMMENDATION**

That the Council approve and authorize the Interim General Manager of the Information Technology Agency, or designee, to execute Supplemental Agreement No. 2 to City Contract C-111284 with Metaformers, Incorporated to provide as-needed functional and technical support for the Supply Management System in order to extend the term of the Contract by one year for a new term effective February 7, 2007 through September 30, 2013, subject to the approval of the City Attorney.

## **FISCAL IMPACT STATEMENT**

The proposed Supplemental Agreement No. 2 to City Contract C-111284 with Metaformers, Incorporated will allow the Information Technology Agency to utilize the Contractor's as-needed services to correct deficiencies and problems within the City's Supply Management System (SMS) for an additional one year through September 30, 2013. These services are not expected to exceed \$148,907 during the term of the proposed Supplemental Agreement. The 2012-13 Adopted Budget includes an appropriation of \$571,200 for SMS contract services, including, but not limited to, this Contract. Therefore, approval of the recommendation of this report is in compliance with the City's Financial Policies as budgeted funds are available to support the proposed Contract expenditures.

# City of Los Angeles

California

GARY LEE MOORE, P.E.  
INTERIM GENERAL MANAGER  
CHIEF TECHNOLOGY OFFICER

MARK P. WOLF  
Executive Officer

ASSISTANT GENERAL MANAGERS  
Beverly Dembo  
Greg Steinmehl, Interim



ANTONIO R. VILLARAIGOSA  
MAYOR

## INFORMATION TECHNOLOGY AGENCY

ROOM 1400, CITY HALL EAST  
200 NORTH MAIN STREET  
LOS ANGELES, CA 90012  
(213) 978-3311  
FAX (213) 978-3310

ita.lacity.org

September 5, 2012

REF: ASB-163-12

Honorable Antonio R. Villaraigosa  
Mayor, City of Los Angeles  
Room 303, City Hall  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

Subject: **REQUEST FOR PERSONAL SERVICES CONTRACT AMENDMENT –  
METAFORMERS INC. FOR SMS**

Dear Mayor Villaraigosa:

In accordance with Executive Directive No. 3, attached for your review and approval is the eighth amendment to Contract Number C-111284 with Metaformers, Inc. The Information Technology Agency (ITA) is requesting approval to extend term of the contract by one year to end on September 30, 2013. This amendment does not change the compensation limit.

The eighth amendment will provide Supply Management System (SMS) with Support for Data Analysis, Data Cleanup, Program Modifications, Configuration Changes, Unit Testing, Integration Testing, Department User Acceptance Testing, Year-End Close Activities, Production Implementation, and efforts towards providing a stable SMS production environment with daily interfaces to Financial Management System (FMS).

### Background

On February 7, 2007, the City entered into an agreement with Metaformers, Inc. to correct software deficiencies and problems in SMS as a result of the upgrade to PeopleSoft Version 8 and perform data reconciliation, data cleanup, and system maintenance upgrades necessary to eliminate data discrepancies in SMS and correct the interface between SMS and the City's legacy Financial Management Information System (FMIS). Subsequently, the Metaformers agreement was amended eight times (seven amendments and one supplemental) to include expert PeopleSoft technical and functional support for various projects such as fiscal year-end close, data conversions and software upgrades required for the implementation of the City's new Financial Management System (FMS) as well as to increase compensation and/or extend time. This will be the final amendment to this contract.

The eighth amendment is requested so that the term of the agreement can be extended through September 30, 2013 to complete activities required to provide a stable production environment. The amendment will deliver the following benefits:

- Resolve current SMS production issues and perform analysis, program fixes and/or data fixes to facilitate daily interfaces to FMS.
- Support the 2012-13 Year-End Close and other FMS Close activities.
- Analyze and debug identified system issues.
- Provide program modifications and configuration changes to resolve system issues.
- Perform post-conversion data cleanup and closing of old purchase orders using SMS online functionality and/or programming methods.
- Develop test plans, test scripts, perform testing, document and validate test results and document issues identified through testing.
- Reconcile interface between SMS and FMS.
- Document data changes, program modifications and configuration modifications using City Standard Documentation Procedures.

The Personnel Department has determined, in accordance with Charter 1022 that City employees do not have the expertise to perform the services set forth in the proposed contract amendment. The services to be performed are considered expert and technical in nature and temporary and occasional in character.

	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose	x			a. Equal Employt. Oppty./Affirm. Action	x		
2. Appropriated funds are available	x			b. Good Faith Effort Outreach			x
3. Charter Section 1022 completed	x			c. Equal Benefits Ordinance	x		
4. Proposals have been requested		x		c. Contractor Responsibility Ordinance	x		
5. Risk Management review completed	x			e. Slavery Disclosure Ordinance	x		
6. Standard Provisions for City Contract	x			f. Bidder Certification CEC Form 50			x
7. Workforce that resides in the City:	*N/A = not applicable						

The contractor had submitted and complied with all City administrative requirements for personal services contracts of this type. In addition, the contractor has maintained the required insurance, which is on file with the Office of Risk Management.

The attached amendment had been reviewed and approved by the City Attorney as to form.

### **Fiscal Impact**

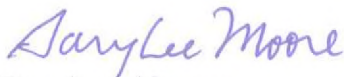
Sufficient funding is provided within 2012-13 Adopted Budget, Blue Book Item 31, for the Information Technology Agency. There is no additional impact to the General Fund in the current year.

### **Recommendation**

That the Mayor, authorize the Interim General Manager of the Information Technology Agency, or his designee, to execute the attached eighth amendment to Contract No. C-111284 with Metaformers, Inc. to extend the term of the contract through September 30, 2013. Pursuant to Administrative Code Section 10.5.(b)2, this amendment does not require Council approval since the estimated annual expenditure does not exceed the contract exemption limit, which is \$137,319 for fiscal year 2012/13.

Please contact Laura Ito, Director of Finance and Administration at 213-978-3322, or Maryam Abbassi, Information Systems Manager, at 213-473-9797 with any questions.

Respectfully yours,



Gary Lee Moore  
Interim General Manager and Chief Technology Officer

Enclosure

ec: Melissa Fleming, CAO  
Mandana Khatibshahidi, CLA  
Beverley Dembo, ITA  
Maryam Abbassi, ITA  
Kuljeet Arora, ITA  
Irene Mayeda, ITA  
Nicanier Rosas, ITA

**SUPPLEMENTAL AGREEMENT NO. 2 TO CONTRACT NO. C-111284  
BETWEEN  
THE CITY OF LOS ANGELES  
AND  
METAFORMERS, INC.**

**THIS 2ND SUPPLEMENTAL AGREEMENT** to Agreement Number C-111284 between the City of Los Angeles, a municipal corporation, acting by and through the Information Technology Agency, (hereinafter referred to as the "CITY"), and Metaformers, Inc., a Virginia corporation (hereinafter referred to as "CONTRACTOR") is entered into with reference to the following:

**WHEREAS**, effective February 7, 2007, the CITY, acting by and through the Department of General Services, and CONTRACTOR entered into Contract No. C-111284 ("Agreement"), whereby CONTRACTOR was engaged to correct software deficiencies and problems in the Supply Management System (SMS) as a result of various software and implementation issues and the upgrade to PeopleSoft Version 8.8 and propose solutions to these problems; and

**WHEREAS**, Section 3.0 of the Agreement provides for an initial one year term and further provides that the Agreement can be extended for two (2) additional years in one-year increments at the City's sole discretion; and

**WHEREAS**, the SEVENTH Amendment to this contract extended the term of the contract to September 30, 2012; and

**WHEREAS**, the CITY requires the continued services of CONTRACTOR to provide assistance in analyzing, configuring, coding and testing support for SMS project; and

**WHEREAS**, the parties wish to extend the term of the Agreement to September 30, 2013 to facilitate the work on technical support and assistance with SMS project.

**NOW THEREFORE**, the parties hereby agree to amend the Agreement as follows:

1. **Section 3.0 – Term of the Agreement** is deleted and replaced by the following:

**3.0 Term of Agreement**

The term of this Agreement will begin on February 7, 2007 and will expire on September 30, 2013 unless terminated earlier as provided herein.

2. **Section 6.0 – Statement of Work and Deliverables** is amended by adding the additional scope of work defined as Task 13. Specific deliverables of Task 13 are listed in Section 6.15.

3. **Section 6.15 – Task 13 – Support Data Analysis, Data Cleanup, Program Modifications, Configuration Changes, Unit Testing, Integration Testing, Department User Acceptance Testing, Year-End Close Activities, and Production Implementation, and efforts for providing a stable SMS production environment with daily interfaces to FMS** is added to the Agreement, and will read as follows:

6.15 Task 13 – Support Data Analysis, Data Cleanup, Program Modifications, Configuration Changes, Unit Testing, Integration Testing, Department User Acceptance Testing, Year-End Close Activities, and Production Implementation, and efforts for providing a stable SMS production environment with daily interfaces to FMS.

CONTRACTOR will perform support of Data Analysis, Data Cleanup, Program Modifications, Configuration Changes, Unit Testing, Integration Testing, Department User Acceptance Testing, Year-End Close Activities, and Production Implementation, and efforts for providing a stable SMS production environment with daily interfaces to FMS. CONTRACTOR will:

- Support efforts in providing a stable production environment by resolving current SMS production issues by performing analysis, program fixes and/or data fixes to facilitate daily interfaces to FMS.
  - Support the 2012-13 Year-End Close and other FMS Close activities.
  - Perform analysis and debugging methods for identified system issues.
  - Perform program modifications and configuration changes to resolve system issues.
  - Perform post-conversion data cleanup and closing of old purchase orders using SMS online functionality and/or programming methods.
  - Develop test plans, test scripts, perform testing, document and validate test results and document issues identified through testing.
  - Perform interface reconciliation between SMS and FMS.
  - Perform documentation for data changes, program modifications and configuration modifications using City Standard Documentation Procedures.
4. Ratification Clause: Due to the need for the Contractor's services to be provided continuously on an ongoing basis, Contractor may have provided services prior to the execution of this supplemental agreement. To the extent that said services were performed in accordance with the terms and conditions of this supplemental agreement, those services are hereby ratified.
5. Except as herein amended, all other terms and conditions of the Agreement will remain in full force and effect.



6. This supplemental agreement is executed in three (3) originals, each of which is deemed to be an original. This supplemental agreement, which includes four (4) pages and the original Agreement, constitutes the complete understanding and agreement between the parties.

**[Signature page follows]**

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES  
A Municipal Corporation

METAFORMERS, INC.  
A Virginia Corporation

By \_\_\_\_\_  
GARY LEE MOORE  
Interim General Manager  
Information Technology Agency

By \_\_\_\_\_  
ED BOURYNG  
President  
Metaformers, Inc.

Date \_\_\_\_\_

Date \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST:

CARMEN TRUTANICH  
City Attorney  
City of Los Angeles

JUNE LAGMAY  
City Clerk  
City of Los Angeles

By \_\_\_\_\_  
LAUREL L. LIGHTNER  
Assistant City Attorney

By \_\_\_\_\_  
Deputy City Clerk

Date \_\_\_\_\_

Date \_\_\_\_\_

CITY Business License Number: 0002106135  
Internal Revenue Service Tax Payer Identification Number: 54-1972666  
Agreement Number: C-111284-8